



General
Services
Administration

Approved For Release 2006/02/10 : CIA-RDP85-00988R000100090039-1

Washington, DC 20405

OCT 29 1980

Mr. Ben H. Read
Under Secretary of State
for Management
Washington, DC 20520

Dear Mr. Read:

Your letter of September 26, 1980, requested that I grant an exemption to the Standard Level User Charge (SLUC) for the Department of State's Main State Building at 2201 C Street, N.W. You noted increases in SLUC payments and apparent decreases in building operation and maintenance standards as reasons for this request.

The Public Buildings Amendments of 1972 (40 U.S.C.A. 490) provide for exemptions from SLUC only if charging SLUC is infeasible or impractical. This is not the case in your situation and accordingly I must deny your request.

Additionally, the law directed that we charge commercially comparable rates for space under General Services Administration's (GSA) control. The policy of keeping rates firm for three fiscal years has, in these highly inflationary times, jeopardized the comparability of our rates as well as having produced an artificially low revenue base for the Federal Buildings Fund. In order to maintain the comparability of our rates we have, with the approval of the Office of Management and Budget (OMB), changed our policy of firm three year rates and, beginning with the Fiscal Year 1983 billings, we will adjust our SLUC annually to compensate for inflation.

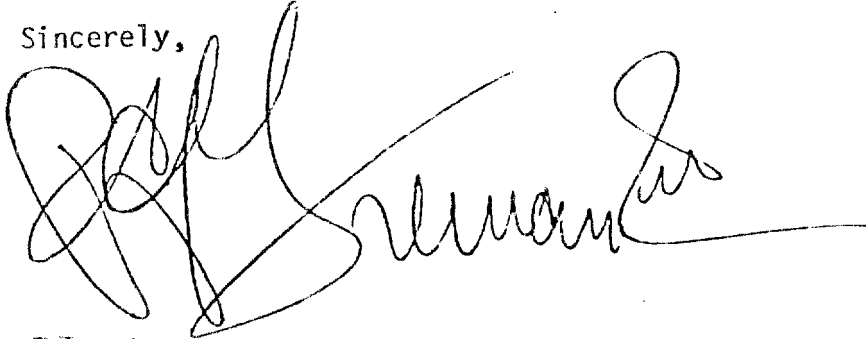
I understand your concern regarding the increase in SLUC rates and provide the following to put the issue in proper context. In Fiscal Year 1975 we could lease office space in the area of town where the Department of State Building is located for \$6.50 per square foot. Today we pay approximately \$19.00 per square foot for comparable space. As you can see from this example, our increased SLUC rates are commensurate with the increased rental rates existent in the private sector.

On file GSA release instructions apply.

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The apparent lack of services experienced in the Main State Building is a matter of serious concern, and I have referred your letter to Mr. Walter V. Kallaur, Regional Administrator for the National Capital Region, for action. Mr. Kallaur and his staff will review this situation and contact you directly with their findings.

Sincerely,

A handwritten signature in dark ink, appearing to read "R. G. Franklin III". The signature is fluid and cursive, with a large initial "R" and "G" and a long, sweeping underline.

R. G. Franklin III
Administrator